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Report of Co-operative  
Division





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NEWFOUNDLAND GOVERNMENT

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REPORT  
*of*  
CO-OPERATIVE DIVISION

*By*

GERALD RICHARDSON

DEPARTMENT OF  
AGRICULTURE AND RURAL RECONSTRUCTION

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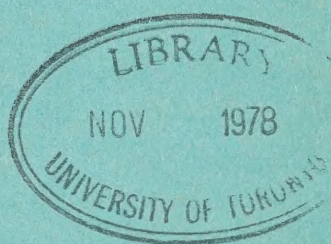
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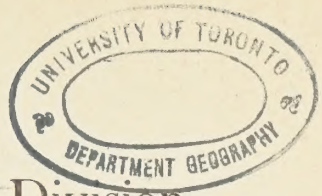
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1940







# Report of Co-operative Division

OF THE

## DEPARTMENT OF AGRICULTURE AND RURAL RECONSTRUCTION

By GERALD RICHARDSON,  
Director from 1936 to 1940.

"Wherever Co-operation has been successful  
it will be found accompanied by progress in  
other directions".\*

Sir John Hope Simpson.

From the inception of Commission form of Government, it appears that interest was shown in the promotion of the Co-operative Movement. Early in 1934, Miss Margaret Digby of the Horace Plunkett Foundation, London, England, came to Newfoundland to study the possibilities of Co-operative development in Newfoundland and Labrador. She came at the suggestion of the late Sir Wilfred Grenfell, with the support of the Co-operative Union of Great Britain. Her study was carried through with the approval and assistance of the Newfoundland Government. Her report issued in July 1934 has been the basis for the work of the Co-operative Division and her recommendations were in the main followed. The same year the Government started three enterprises at Pouch Cove, Ferryland and Grates Cove, representing an outlay of Government funds to the extent of \$68,000.00. Even with the widest stretch of the imagination those enterprises could not be placed in the category of genuine Co-operatives but they were an effort to establish examples of producer controlled organisation. Two cardinal principles of Co-operative organisation laid down in Miss Digby's report seemed to have been ignored.

1. "No measure of State finance can be recommended as the sense of responsibility for Government loans is weak and any assistance received from the State is usually looked upon as a fair return for taxes paid".†

\*"Co-operation"—Lecture before Board of Trade, April 3/35.

†"The Opportunities for Co-operative Organization in Newfoundland and Labrador"—M. Digby—P.S. King & Son, London, 1934, p.4.



2. "Much purely educational work will be necessary before any widespread or successful Co-operative Movement can develop".‡

In 1935 and again in 1936 the Antigonish University, Nova Scotia, was asked to send a member of their staff to Newfoundland to introduce work similar to that being carried on in the Maritime Provinces. No eligible person was available in 1935 but in the fall of 1936, after several months survey, the Co-operative Division was organised.

What the Co-operative Division has been endeavouring to do during the past four years is perhaps best described in a general sense by the words of Sir John Hope Simpson in a speech delivered in 1936 before the Rotary Club in St. John's. Sir John was responsible for the introduction of the work here, and although this speech was given four years ago, its significance applies to the present situation.

"But things will never be right until we have a class of leaders among the population itself, divorced from both politics and from Government service. There has been in the past, and is to-day, far too much reliance on the Government to do things for the people. This is not the only function of Government. The duty of the Government is so to arrange that people shall be facilitated in helping themselves.

Towards this end one unobtrusive but important step has recently been taken in the appointment of an officer from Antigonish. His primary duty is not the formation of Co-operative Societies. Societies truly co-operative cannot exist until the people of whom they are composed are not only educated in co-operative principles and methods, but converted to Co-operation as a means, not only of self-help, but of help to the community. The preliminaries are long and intensive education by the Study Club method, and the creation of a class of leaders. For this purpose leadership schools are required . . . It will be a matter of time, possibly a long time, before results are apparent, but the principle is unquestionably correct. You

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‡Ibid—p 25.



cannot have successful organized efforts of any kind until you have competent and qualified persons to lead it".

Newfoundland with its 1300 communities scattered along a 9000 mile coastline, is a fertile field for Co-operative work. Long years of a barter or merchant credit in kind system, together with intermittent Government assistance in the form of public works and doles, made for irresponsibility, and in many places apathy among the people.

In the economic field there has never been any organized village life. The local societies of the F.P.U., which might be mentioned as a possible exception, are more or less political bodies with no control or voice in the commercial enterprises sponsored by the Protective Union. This did not lead to responsible action on the part of the people except in the political field.

In planning the work of the Division we have kept in mind the fact that the people through intelligent and responsible group activity, are the only ones who can bring lasting and permanent changes to their communities. In depressed areas, however, where industries, even though developed to their maximum, do not give the people a livelihood, reconstruction measures must be introduced when a period of study, discussion and responsible action have prepared the people for it. We do not start Credit Societies, Consumer or Producer Societies, but through education motivate the people to do these things for themselves. In doing these things they build from the bottom up the structure of the new community. It is on the solid basis of an efficiently organized village life that any national programme for recovery must eventually be found, for the disorganization of the outport community is the blight of the country.

The programme followed is outlined under the following headings:—

1. Producers are organized into Study or Discussion groups to make them familiar with the economy of their communities. The groups study the possibilities of their communities with respect to how efficiency can be increased and what potentialities the communities contain that have never been exploited or developed. These include social, recreational as well as economic activities.

2. Group activities are promoted i.e., Credit Societies, Consumer Societies, Production and Marketing Societies.
3. Community Councils are established so as to co-ordinate the activities of the different groups and lay the foundation for local responsibility.
4. Rallies and Conferences are encouraged in sections and districts so as to create active interest, consolidate the work and unify the purposes and objectives of the producers.

Our work began in 1936 on the West Coast. This section was selected for concentrated effort because it offered the best chance of success. Successful societies will quickly find imitators, and conversely societies struggling to maintain themselves in less favourable circumstances would not be emulated by other communities.

### WEST COAST

Many people when they think of the West Coast of Newfoundland, picture a prosperous industrial town called Corner Brook, and a fertile vale of milk and honey called Codroy. They do not think of the many isolated fishing and farming communities scattered along a coastline of over 700 miles. Each of these communities has its own life, its own atmosphere, and its own problems. The West Coast is a land of milk and honey, but the West Coast man works as hard as anyone else to produce that milk and honey, and the price that he receives for it is often not very much.

We chose the West Coast to begin our co-operative education not only because we thought there were great chances for the Co-operative Movement to succeed there, but also because it was apparent that the West Coast needed the Co-operative Movement. Each West Coast community had its own problems and all West Coast communities had problems in common, so we started the Study Club in order that these people could find solutions for their difficulties, and working together find a way out. The West Coast man had pockets in his pants but there were holes in his pockets and all the odd coins that he managed to make were scattered along the road. So we started the Credit Union so that he could gather up all these five cent pieces and dimes until he had sufficient money to put him into industry. The Credit Union grew very slowly. The first one was organized on St. Patrick's Day in 1937, at Lourdes. Then up and down the coast other Study Clubs turned into Credit



Unions, but the people needed something else. They were looking for something they could sell for cash to help their Movement grow.

In Nova Scotia they called this step in the Co-operative Programme "finding your lobster" because in Nova Scotia it was the lobster that brought cash into the hands of the people. Maybe the West Coast people took this story literally, or maybe the lobster was after all, the very best thing they could have thought of. Anyway, the lobster certainly did the job.

## MARKETING

In three short seasons, 1500 West Coast fishermen laid the foundation for what is now the largest lobster co-operative in the world, an organization that has brought hundreds of thousands of dollars from the United States, in cash, to the pockets of Newfoundland fishermen. It is an organization that was strong enough this year to take under its wing fishermen in other parts of the country.

When the Highlands Study Club, in 1937, sent five hundred pounds of lobsters to Boston to try the market, this business of sending live lobsters to the American market was relatively new. Fishermen were still doing their own dribble canning in home-made factories. Many of the factories were anything but sanitary and nearly all of them were inefficient. The lobster industry was disorganized and undeveloped. Here are a few facts concerning this industry which the fishermen have organized and developed themselves.

By 1940, the Co-operative Marketing Association had spread over 700 miles along the West Coast and had a membership of over 1500 fishermen. By the end of 1940 season \$225,000 in cash had been placed in the hands of West Coast fishermen. This represented at least forty per cent. more than they might have had under the old system of local barter. Fishermen through new methods of supplying themselves co-operatively have saved thousands of dollars in both gear and food. The loss of supplying through their own central organizations, to date, has been 52 cents. It is well to note that fishermen who were unable to get supplies from any source have no trouble once they belong to a co-operative organization. Business firms on the West Coast were eager to supply co-operative groups—seeing in this new method a safe and efficient answer to the supply question.

With the growth of co-operative marketing new districts hitherto untouched by private collectors have been opened up. The 1939-40 season saw the opening of lobster operations in the district from Cow Head to Flower's Cove. This season's fishery alone saw the return of \$102,579.71 to men in the St. Barbe area. It must be clearly understood that without co-operative lobster collecting and marketing these lobsters would have remained untouched. Through co-operative organizations these fishermen are planning to put the fishery on a cash basis. Not only are they planning, but in the five northern central organizations assessments of one cent per pound will build reserves of over seven thousand dollars for the 1940 fishery. I should like to quote from Ranger Murphy's report made in October 1939.

"The co-operative lobster fishery in this district this year was indeed a decided success, and, as a result, there has been no able-bodied relief issued to date. The success with which this project was organized and carried out is due to the able leadership and untiring efforts of the Co-operative Field Workers. Such an accomplishment in a field where no ground work had been previously done, is a singular phenomenon, and a credit both to the people and to the Co-operative Field Workers. Under the old system, packing lobsters and trading them with the merchants, a system in which cash was unknown, no sooner was the voyage over than the fishermen were seeking relief. This year, had this system continued, the fishermen would scarcely have cleared expenses".

Fishermen for the first time in years have been able to repair and replace fishing gear. Likewise this extends to general property houses, stores and flakes. When the unregulated flood of lobsters from the Maritime Provinces of Canada arrived in Boston this June, the market was unable to take care of all the shipments. Holding facilities were inadequate and lobsters were piled in the streets. The result was that the buying price dropped. In Bonne Bay, private buyers stopped trading and the co-operative organization made it possible for men to dispose of lobsters which otherwise would have represented a loss. The fishermen have also learned another lesson from the glut on the lobster market this summer. They know now that no matter how well organized the old Newfoundland industry was, that unless they could work out some policy with fishermen in New Brunswick, Prince Edward Island, and Nova Scotia, that the very same thing could happen again next year. So at the present time efforts are being made to unite with



the United Maritime Fishermen of Nova Scotia, and to set up a central directing committee to regulate the shipments. The fishermen also see in this the beginning of an even greater organization which will unite the fishermen of Newfoundland and Canada in a common undertaking. They are resolved that next year there shall be no glut on the market, for they know that the Americans can buy every single lobster caught in Canada and Newfoundland and pay a good price as long as all the lobsters don't arrive at the same time, and as long as one group of fishermen are not used to bring down the price for other groups.

The responsibility to get first grade regulation lobsters to the American market lies entirely with the men. As a result of Study Club work the fishermen take an interest in protecting their fishing grounds and their foreign markets. The problem of spawn and small lobsters has all but disappeared. This programme has resulted in setting up the West Coast as the most progressive section in the country. The men are centralizing the purchasing of supplies and marketing. They are making the fishery bring them cash from America for their efforts. They are contacting the fresh fish markets and testing them with trial shipments. This is the way it is done: First of all the Study Club brings together all the producers of the community. Here co-operative projects are discussed and studied and local supply and marketing conditions considered. Out of the Study Clubs come the local committees. These committees selected by members of the community are responsible for the following: Representing the community in central meetings and conferences. Organization and administration of marketing for the community. Conducting the Co-operative Programme.

Then there are the Central Committees, made up of at least one representative of each local. The Central Committee directs the business of each district co-operative organization. There are eight such societies with headquarters at the following places:—

Lourdes	St. John's Bay
Port au Port	Bonne Bay
Highlands	Cow Head
Wood's Island	Port Saunders

Supplies are issued through the Central Committee. Here accounts are kept and the amounts are deducted as returns from shipments come in.

This Fall and Winter these eight district societies through their Central Committee will work together to make possible the centralization of purchasing for Buying Clubs and General Purpose Societies. By enabling all sections of the coast to meet for the exchange of ideas and information, it will be possible to plan an excellent educational and marketing programme. The Central Committee will provide an organization which can work with fishermen in Placentia Bay, St. Mary's Bay and Fortune Bay on projects of mutual interest. The Committee will also get down to business with the co-operative organizations of Eastern Canada and work out plans for the 1941 fishery. Up until now the collection and marketing has been directed by members of the Co-operative Division, but in the Spring of 1942 the Co-operative Movement should (with intensive work during 1941) be strong enough to take over these services from the Government and become independent of all Government sponsored service with the exception of registration and auditing.

Through Co-operative organization in the Bay of Islands section in 1939, a contract for herring was made with the Santa Cruz Oil Company. Large quantities of gear and supplies were issued through the co-operative structure, thus making it possible for hundreds of men to fish. The operation was successful, 49,000 barrels were taken representing a return of some \$37,000 to the fishermen. There were no losses on supplies.

Before co-operative pooling of eggs was initiated in 1938 in the Codroy Valley on the West Coast, farmers received from 20 to 30 cents per dozen. The problem here was threefold:

- Absence of standard quality product.
- Competitive price cutting.
- Lack of sufficient quantities to contact large markets.

The co-operative pool pointed to the solution of these problems, and developed the Newfoundland national mark system of egg grading and packing. Following a programme of study a pool was organized. By 1939 the organization had 70 members. In 1939, 8,427 dozen eggs were sold through the pool with a return of \$3,552 to members. The average return was \$0.42 per dozen.



## CREDIT UNIONS

It must be understood that sound marketing must be based upon sound organization. The Credit Union provides such a foundation.

The Credit Union by pooling small cash reserves of members makes possible short term loans for provident and productive purposes at low rates of interest. Furthermore, it encourages thrift among the membership, offers necessary training in group action, develops organization which facilitates other co-operative programmes, viz. marketing, isolates and develops local leaders, and is a step towards reduction of the Barter System.

The success with which the southern section of the West Coast developed the lobster marketing technique was due largely to the fact that it had a Credit Union structure through which to work.

West Coast communities with Credit Societies registered under the Co-operative Societies Act of 1939 are as follows:—

Lourdes	Highlands
Doyles	Port au Port
Heatherton	Campbell's Creek
Millville	Cape St. George
Searston	Corner Brook
Tompkins	Stephenville.

St. Andrew's, Trout River, and Wood's Island have societies to be registered shortly.

Representing over 800 members these societies have pooled together over \$14,000, and in the past financial year made to themselves at least \$23,000 in short term loans without a loss. These small banks not only perform services for their members but go far in repairing and strengthening the moral fibre of the fishermen and farmers. The money they have pooled is constantly increasing and it is loaned out and repaid, used and reused over and over. If the Government had loaned the \$14,000 it probably would never have been loaned again.

## CO-OPERATIVE RETAILING

The Co-operative Store is a business owned and operated by the people. Operating on a cash basis with fair prices, it returns to its members net savings in proportion to purchases. The follow-

ing stores (registered as General Purpose Societies under the Co-operative Act of 1939) are in operation on the West Coast:

Lourdes	Highlands
Cape St. George	Corner Brook
Upper Ferry	

In addition there are Buying Clubs in Heatherton, St. Andrew's, Campbell's Brook and Bishop Falls.

Ten thousand dollars were saved by fishermen and farmers in order to start these Stores and Buying Clubs. In the financial period 1939-40 these businesses had a turnover of \$172,237. \$13,920 was returned to the members.

Co-operative "Profits" or savings do not go into banks rather they go almost immediately back into circulation, thereby adding to general business and prosperity.

Under marketing it was noted that the lobster marketing societies centralized the purchase of supplies for their members thus saving them many dollars.

A hybrid of the Buying Club, this type of structure is in use only in the northern section of the coast. By next year co-operative Stores and Buying Clubs will have taken over most of its functions. \$16,238 worth of supplies were handled through these marketing centrals, in 1940. The members not only were able to buy goods at lower prices but will participate in the "profits" of the transaction.

## EAST AND SOUTH COASTS

Placentia Bay is undoubtedly the most depressed section of the country. This is substantiated by factual evidence gathered after a house to house survey conducted by the Co-operative Division two years ago.

There are approximately 20,000 people living in the Bay. The people live in 150 settlements scattered along a rugged coastline of 318 miles. From these figures it can be seen that settlements are small averaging less than 150 inhabitants, and that isolation of different communities is relatively great.

Since the tidal wave and the depression of 1929, the average number of quintals of fish caught in Placentia Bay has been 10,000



per year. The number of inshore fishermen in the Bay in 1939 classification was 2,501. These figures supplied by the Fisheries Board show the average catch per man as 4 quintals per year. Many, however, classified as fishermen have given up fishing due to the failure to get supplies on credit, lack of equipment, scarcity of fish or a combination of these factors. Alternative occupations or supplementary income in the Bay are negligible. There is a potentially large but actually small herring fishery, and in only two sections, the Cape Shore and Marystown, is there anything approaching agricultural possibilities. With the exception of the Fluorspar Mine at St. Lawrence, the only other income possibility of any dimension in the Bay is the lobster fishery. Engaged in this section of the fishing industry are approximately 600 producers. The average amount of lobsters caught each year is between three and four hundred thousand pounds with a total turnover of fifty or sixty thousand dollars.

The possibilities of co-operative development in the Bay is limited at present, and in future will depend on the following factors:

1. Individual production must be increased because at present the producers are a sub-marginal group.
2. The low density of population along such a wide area of coastline increasing the cost of services such as coastal boats, schools, health, etc., does not lend itself to the requirements of modern industrial developments. This will necessitate concentration of population.
3. Centralization of marketable products to insure efficiency and reduce cost.
4. Illiteracy is at least fifty per cent. and many communities have no schools.

Notwithstanding the adverse economic conditions, the Co-operative Division organized most of these isolated communities into groups. Small societies—the success of which will depend on the above mentioned factors—have mobilized the people to exploit the limited existing possibilities. In the marketing field an effort was made this year to centralize the marketing of lobsters. The difficulties at first seemed insurmountable, but the Central Organization succeeded in marketing 120,000 pounds, or roughly, one-third of the total production. Of this amount the mortality of lobsters arriving in Boston was unbelievably low registering 500 pounds.

Live lobster marketing began in Placentia and St. Mary's Bays in 1940. In a review of the progress, three factors must be taken into account. First, that Placentia Bay, where operations were heaviest, is the most sub-marginal fishing section in Newfoundland; secondly, that the quantity of lobsters in both bays has declined in the past ten years; and thirdly, that operations began when prices were among the lowest on the American market in 21 years. In spite of these factors the programme was successful in centralizing the marketing, and a marketing structure has been set up which will be of importance in the fishery development of these Bays.

#### **These Were The Results:—**

- 116,715 pounds of live lobsters were shipped by the fishermen direct to the Boston market.
- 250 fishermen in 18 communities received \$6,889 from their operation representing an average of about 6 cents per pound. In St. Mary's Bay in 1939, lobster men sold their catches at the rate of \$5.00 a hundred lobsters, or about 3 cents per pound.
- Capital equipment such as floats, engine, lobster pots, etc., with a value of \$667.00 is now owned by the Central Organization.
- Employment offered by the Marketing Society paid wages of \$700.

These figures supplied by F. Dove—Auditor for Co-operative Societies.

This programme represented the first effort at producer marketing on this coast. The operation necessarily small for the first year, gave the fishermen a better average price than they would have secured from private buyers, had there been no co-operative organization; made possible the purchase of capital equipment; provided labour at fair wages and built a marketing structure to be used in future marketing developments.

#### **This Is How It Was Done.**

It will be remembered that in the West Coast system each shipper is paid according to the price his own crates of lobsters bring in Boston. This system has not proved satisfactory, and a new system was tried on the South Coast. Here all lobsters were



brought together in a common pool and culled—the weak lobsters being boiled or frozen before shipment. Payment was made on the basis of the entire shipment. This system was found to be more efficient especially since small producers would not have been able to fill their crates for each shipment. Next year particular emphasis will be placed on better shipping on the West Coast. Placentia Bay has shown the way.

It began with Study Clubs which consider the market, local marketing arrangements and co-operative procedures; Local Committees which are directly responsible for local pools and representing the community in the Central Marketing Organization. This organization operating at Kingwell, Placentia Bay, was called the Placentia Bay Co-operative Fisheries Society. A Board of Directors selected from the Local Committees directed the organization. A manager and bookkeeper were paid by the Board.

With the introduction of co-operative marketing, the fishermen have taken an interest in turning from the barter system and in making the fishery pay them cash. In this direction several Co-operative Societies in Placentia Bay (Flat Islands, Oderin, Epworth) are collecting their own cod oil and marketing it in St. John's, and setting aside the fish not needed to pay accounts for cash sale in St. John's at the end of the season.

#### **This Is Their Programme For 1940-41.**

Using the Central Organization developed by lobster marketing, the fishermen plan to expand their producer marketing programme. In a section where the margin of return to the producer is small, such a programme is vital. If the producer is to maintain himself he must, insofar as possible, deal directly with his market. The following is planned for 1940-41:—

- Expansion of lobster marketing.
- Development of fresh salmon marketing.
- Obtaining Scotch Pack Herring Quota for Co-operative Groups in bottom of Placentia Bay.
- Erection and operation of smoked herring plant in Placentia Bay. (This is bottom of Bay section where herring are plentiful).
- Use of central marketing structure to enable central purchasing for Buying Clubs in bottom of Placentia Bay.

## PICKLED FISH AND COD OIL

Following the lobster season, the men of St. Mary's Bay wished to carry over some form of co-operative programme into the cod fishery. As a result the Co-operative Development Society was organized (to be registered as a General Purpose Society) to handle the co-operative production of **pickled fish and cod oil**.

With the aid of the East Coast Fisheries and Government saw mill, co-operative members built a processing plant on Colinet Island. The men enthusiastically gave free labour. Fishermen from the following outports are members of the Development Society:—

Colinet Island	Mall Bay
North Harbour	Riverhead
Admiral's Beach	O'Donnells
St. Joseph's	John's Pond
Mt. Carmel	Haricot.
St. Mary's Harbour	

- High return per day's work to date has been \$5.94 for individual fishermen. (Indications point to good season at the fishery.)
- Processing plant 40' x 50 plus equipment—value approximately \$1,000.
- Fishery is on cash basis. Men are paid at the end of each week.

This project raises the incomes of the fishermen; centralizes processing in interest of standard quality; and stimulates producer interest in markets and quality by being a producer controlled and operated business.

### The Proposed Programme For 1940-41 Includes:

- Continuance of pickled fish and cod oil operations.
- An effort will be made at obtaining pit prop contract for winter.
- Scallop beds in Bay will be exploited.
- There will be co-operative education and agricultural education.

While it is too early to offer relief comparisons with previous years, it follows that they will be lower. Even the most conservative ob-



servers tell of the change of attitude on the part of the fishermen. The slogan of the Development Society is "Down With The Dole".

In Burin there is a small co-operative cannery and bottling plant. Products—tinned cod tongues, beans, blueberries, bake-apples, jams, and root beer. Production value in 21½ months of 1940, \$600.00.

The Beaver Project on Random Island, Trinity Bay, is an interesting project with long range possibilities. 78 beavers were placed on the island. Now over 300 animals have been co-operatively raised.

Note: Random Island has a voluntary council which meets once each month to discuss plans for improving the community. As a result farming and livestock have been improved, and cottage industries encouraged.

The most surprising co-operative retail development in the country has taken place in Placentia Bay during the past 18 months. While in January 1939 there were only two such societies in the Bay, the number of Buying Clubs and Stores has risen to 26. Co-operative Retail Societies are operating in the following out-ports:—

Oderin	Burin	Bar Haven
Flat Islands	Burin Bay	Kingwell
Little Bay	Epworth	Tack's Beach
Spanish Room	Fox Cove	Brewley
Marystown	Corbin	St. Ann's
Creston	Red Island	Isle Valen
Salt Pond	Merasheen	Great Paradise
Port au Bras	Arnold's Cove	Little Paradise
Fox Harbour		

### Reasons for Development.

- With the introduction of cash relief in September 1939, the fishermen in many sections of the Bay were able to save themselves money by pooling their orders.
- Out of this practice grew the small Co-operative Shops and Stores which dot the western side of the Bay.
- The history of retailing in this Bay has been an unhappy one. Many businesses have failed while others have stopped supplying in order to avoid failure. The co-operative

business with low overhead and a strictly cash policy was able to take root quickly.

- To these reasons must be added a much more important factor—the goodwill and aid of the clergy on this coast.

### **Status of Societies.**

- All of these retailing units are in operation at the present time. Surveyed by the Auditor for Co-operative Societies in July-August, 1940, they were reported sound and growing.
- From September 1939 to date they have done a business of approximately \$50,000. Many societies were not in operation until 1940.
- Membership of societies over 1,400.
- Five new shops have been built by the members of societies by free labour. The average shop size is 17 x 30. These have a capital value of approximately \$1,500. In other cases premises have been bought or rented. Several societies plan to build small shops during the Fall of 1940.

### **Significance.**

- The cost of living for over a thousand families in Placentia Bay will be reduced by savings through co-operative buying.
- Study Clubs and organizations developed by these co-operative retail units can be used for producer and producer marketing programmes.
- Co-operative business has served to check unduly high retail prices. (While it is co-operative policy to sell at current retail prices it is not their policy to charge higher prices. This naturally will have benefitted those who were not members of co-operative societies).
- The development has been an object lesson to members on the value of approaching and solving their own problems.

### **Miscellaneous Societies.**

#### **a. Trinity Bay.**

Small retail organizations doing about \$2,500 business a year. Four societies in the following outposts:



Heart's Desire,  
Hodge's Cove,  
Sunnyside,  
Hillview.

**b. Notre Dame Bay.**

Small store at Change Islands. The development there under guidance of an American, Mr. Chester Bates. The Co-operative Division has given no assistance and the work is organized independently.

**c. St. Mary's Bay.**

Two small organizations with an annual business of approximately \$600. These are located at St. Joseph's and Mt. Carmel.

**d. St. John's.**

Buying Club—St. Teresa's Parish.

**e. Grand Falls Co-operative Society.**

This society started in 1920 and therefore before the Co-operative Division was set up, is affiliated with the British Co-operative Wholesale Society. With a membership of 1,003 it did a business in 1939 of \$397,714. It has paid back in dividends (profits on purchases) since 1920, a total of \$568,026.00.

**f. Markland and Haricot.**

Each Land Settlement in the country has had a Government financed small store to supply the needs of the settlers. These settlements will shortly become independent of Government support. It is logical that the stores in these settlements be taken over by the settlers themselves. This has been done in both Markland and Haricot, Midland and Lourdes. In these cases members are buying share capital, paying their own managers, and operating the store through the Board of Directors.

## CREDIT UNIONS

The Avalon leads the country in the organization of Credit Unions. These "people's banks" are now scattered throughout the Avalon Peninsula. Not only do they solve the small loan needs of their members but provide a solid base for any organized group action in their communities. The most successful retailing and marketing units in the country have been built on Credit Union foundations.

The following list gives a fair idea of the extent and growth of Credit Societies on the East Coast:

<b>SOCIETY:</b>	<b>ADDRESS:</b>
St. Joseph's	Riverhead
St. Teresa's	Mundy Pond
Liberty	Pouch Cove
Bairsoe	St. John's
Roysoe	St. John's
Ayrsoe	St. John's
Steersoe	St. John's
Mt. Carmel	Salmonier
Salmonier	St. Joseph's
Star of the Sea	Red Island
Twin Patron	Fox Harbour
Branch	Branch
Harbour Grace—2	Harbour Grace
Burin	Burin
Marystown	Marystown
Fox Cove	Fox Cove
Noel Credit Society	St. Lawrence
St. John's Credit Society	St. John's
Haricot	Haricot
Red Head Cove	Red Head Cove
Argentia	Argentia
Flat Rock	Flat Rock
Dunville	Dunville
Heart's Desire	Heart's Desire
Civil Service Credit Society	St. John's

Already these societies have a share capital of \$23,290.00 and this amount is increasing every day. They have loaned so far \$31,602 to their members.

In addition 12 societies are preparing for registration:

Markland (2 societies)	Britannia
Colinet	Petley
Harbour Grace (south side)	Snook's Harbour
Placentia	Elliott's Harbour
Merasheen	Aspen Brook and the
Foster's Point	Chinese Co-operative in
	St. John's



The growth of this type of co-operative business throughout the country has been encouraging. In 1937 there were seven Credit Societies with an annual loan business of \$3,000.00. By 1940 the East Coast alone has 26 societies with an annual loan business of over \$30,000.00, and 43 Newfoundland Societies are loaning over \$50,000 to the little men in the little boats. More than 2,500 persons on the East and South coasts have helped to solve their small credit problems by becoming members of Credit Societies.

At least 40 communities by virtue of Credit Unions have framework which will aid co-operative retailing and marketing. With development proceeding at the present rate it is estimated that societies on the Avalon Peninsula alone will total 50 by next summer if the present number of field staff is maintained. The Credit Union is not the most spectacular co-operative instrument but it is the soundest basis for any broad co-operative programme.

It was pointed out earlier in this survey that Credit Unions provided loans for provident and productive purposes. To amplify with examples, the following reasons for loans are included. They are from actual applications on the Avalon. (See next page)

**Provident Loans:**

Medical and Hospital  
To pay debts  
House repairs  
Fuel  
Rent  
Taxes  
Education  
Clothing  
Food  
Household expenses  
Vacation  
Car parts  
Christmas expenses

**Productive Loans:**

Farming supplies. (Including horses, poultry, etc.)  
Fishery supplies. (Including engines, etc.)  
Train fares (to points of employment, etc.)  
Sawmill supplies.  
Property purchase.  
Partnership in business.

and there was one loan to enable a man to open his own shop.

With the steady growth of Credit Unions on the East and South coasts, came the need for a central organization which might co-ordinate the activities of all societies. In November 1939 such a central organization was formed, The Avalon Co-operative Coun-

cil. The Council makes a single, efficient unit of societies on the Avalon Peninsula and adjacent communities.

### Activities of Council.

It has a Supplies Department which provides co-operatives throughout the country with bookkeeping equipment.

It has an Educational Programme furthered by circulation of latest co-operative books among co-operatives operating in this area and discussion of legislation affecting co-operative groups and problems common to all societies in Council. At the present time it is making plans for a Central Credit Society Bank for the Avalon Peninsula. It is also planning for a Central Buying Organization for co-operative retail units.

An active programme of women's work has been in progress since May 1939. In order that women may be able to take part in the co-operative programme the following procedure has been developed and carried out in 19 communities on the East Coast:

— Study Clubs for women. Study Programme includes—  
Credit Unions, agriculture, and health.

— Guidance and advice in home handicrafts for which markets can be found.

— Marketing of products made by women in Study Clubs.

— Depositing part of earnings in Credit Unions.

Women's work has been developed in Placentia, St. Mary's and Conception Bays and includes the following outports:

Salmonier	Marystown
Haricot	Paradise
Mt. Carmel	Oderin
Peter's River	Presque
Riverhead	Red Island
Harbour Grace	Fox Harbour
Pouch Cove	Dunville
Flat Rock	Placentia
Mundy Pond	Merasheen
Markland	

During their first year \$3,500 worth of handicraft has been marketed for women in these study and producer units. This is only a beginning. This year production will be greatly increased.

Goods for which markets were found included: socks, mitts, blankets, cloth, oilclothes, general fancy work and yarns.

Markets developed were at various Governmental institutions, Co-operative Societies at Markland, Grand Falls, Corner Brook and in New York City. Goods were also sold to individual Newfoundland buyers.

This programme has not only educational and cultural advantages, but provides a means for women to contribute to the support of the family. It is a real step towards developing profitable home industries. It balances the co-operative programme in communities by giving the women co-operative education and an opportunity to contribute materially to the support of co-operative organizations.

## REGISTRY OF CO-OPERATIVE SOCIETIES

The Co-operative Societies Act was passed on July 13, 1939. Its purpose was to provide legislation under which co-operative organizations of all kinds could be incorporated. For various reasons, the only other Act similar to this, the Industrial and Provident Societies Act, 1919, is not suitable. In practically every country in the world there is co-operative legislation, which is administered separately from company law. This is because of the recognition that Co-operative Societies differ fundamentally from other forms of corporate enterprise.

The Act was in fact, overdue by last July, for many co-operative organizations had arisen, and were doing business of different kinds without any legal backing. The Act gave these societies their opportunity to incorporate with limited liability.

One of the most important sections of the Act is that protecting the use of the word "co-operative". This is a characteristic of nearly all co-operative law. The word "co-operative" can now only be used by

- (a) Societies registered under the Act or
- (b) Societies not registered under the Act, but which were in business at the time of passage of the Act, and which have applied to the Commissioner for Natural Resources and received special sanction to continue under the name "co-operative".



In general, the only societies which will be given this sanction are the one or two genuine co-operatives which are not under the Act (e.g. the Grand Falls Co-operative Society Limited), and one or two others which are in process of reorganization. The latter sanction is given only for a limited period of time, so that these societies may have time in which to put themselves on a real co-operative basis.

Up to date the following societies have been given sanction to continue under the name "co-operative":

- (1) The Grand Falls Co-operative Society Limited. This is a genuine co-operative registered under the I. & P. Act. It may be that the society will come in under the Co-operative Societies Act. This is the only genuine co-operative in the country not under our Act, or in process of coming under it.
- (2) The Spot Cash Co-operative Company Limited, St. Anthony. This company is being reorganized and converted into a Co-operative. Sanction has been given for six months, until the reorganization can be effected.
- (3) The Cape St. Francis Co-operative Society Limited, Pouch Cove.
- (4) The Ferryland Co-operative Society Limited, Ferryland.

These last two societies have been given six months' sanction. At the end of that time, if they have not been reorganized, so that they are truly co-operative, they should be refused further sanction. These are the only two Co-operatives now existing that started with the aid of a Government loan. Government aid to any Co-operative Society is an unwise policy and the failure of these two justify the statement.

The following companies applied for, but were refused permission to carry on under the name "Co-operative": (1) Aguathuna Co-operative Company Limited, Aguathuna, Port au Port. (2) Buchans, Workmen's Co-operative Society Limited. Both of these are not properly speaking Co-operatives, and do not propose to reorganize to come under the Act. They have thus had to change their name. For companies or societies forced to change their name as a result of Section 63 of the Act, the Commission has decided to remit the change of name fee under the Companies' Act. (Approximately \$11.)

The first societies to feel the need for registration were Credit and General Purpose Societies. Model constitutions were drafted for these two types. Statutory Rules were drawn up and passed in September 1939, and published, with the model constitutions, in the Newfoundland Gazette of September 26, 1939. These Rules provided for the procedure to be followed in registration of a society. Application Forms are provided for societies, and a Certificate of Registration is granted. The fee for registration was set at \$2. A seal was obtained in January, 1940, which is required to register societies and their constitutions.

Since the Statutory Rules of September provided only for registration of societies they were only temporary. Other Rules are needed for many other things under the Act. Accordingly new Rules have been drafted, and are at present in the hands of the Justice Department. These Rules provide for amendments of constitutions, cancelling of registry, winding up, transfer of registry from other Acts, etc., etc. In short, they lay down all the procedures, (and a scale of fees) necessary to bring the Act into operation. It is to be hoped they will soon be passed. If not serious trouble will develop, that will do much harm to the Movement.

Together with the new Rules, other model constitutions must be drafted, to provide a model for other types of societies. This is now one of the immediate tasks before the Registry. Among the societies for which new constitutions must be drafted are—a Housing society, an Insurance society, a Wholesale society, a non-trading society. When these are drafted, and published under the Rules, the opportunity should also be taken to improve upon the model constitutions at present in use for Credit and General Purpose Societies.

The Act states that societies shall send in an annual return to the Registrar. The drawing up of the form of the return is a task to which the Registrar and the auditor must now lend their energies. The form must then be laid down in additional Statutory Rules. Interim forms were drawn up, and mimeographed, and sent to all societies. About 60% of all societies in the country filled in and returned the forms, and it is on the basis of these that the only statistics are now available. Even these are very incomplete, on account of the societies which did not respond. When the proper forms are drawn up, and sent out to registered societies, complete and reliable statistics will be available. When these are to hand,

say by February of 1941, they should be incorporated in the (first) annual report of the Registry.

An auditor for Co-operative Societies was appointed on January 1st, 1940, to work under the Registrar. His duties are—to help with the annual returns, and statistics, to inspect the accounts and books of societies for the Registry, and to help societies in their accounting and bookkeeping, and to audit as required by the Registrar. His purpose is not to give societies free audits, though this may be done in the case of societies just getting on their feet. A Registry of Co-operative Societies in any other country, generally has a number of auditors, inspectors, supervisors, and organizers in Government employment. There are, e.g., many colonial precedents for this, in Ceylon, India, Cyprus, Mauritius, to mention only a few. It is generally understood that one of the stenographers in the Co-operative Division is also on the Registry staff, and the time of this stenographer is taken up almost entirely with Registry work.

Actual registration of societies began in January, when the Seal arrived.

The number of societies now registered is as follows:

#### Registered Societies.

Credit Societies.	General Purpose Societies.
West Coast..... 7	
Avalon Peninsula ..... 9	
Placentia Bay ..... 5	
Others... .. 1	Total..... 18
<hr/>	
Total... .. 22	
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Total of all societies registered (August 10th)..... 40	
Credit Societies to be registered by the end of 1940 ..... 16	
Credit Societies to be registered later ..... 5	
General Purpose Societies to be registered by end of 1940 ..... 6	
Societies to be reorganized and registered ..... 4	
Other Societies to be registered within one year..... 6	
<hr/>	
Total unregistered societies... .. 43	
Total registered societies ..... 40	
<hr/>	
Grand Total of all societies at present ..... 83	
<hr/>	



It should be noted that this is only a static picture. New societies are constantly growing out of the Study Clubs, and in a few months several other societies will be organized.

Here are a few approximate figures about the societies:—

### **Credit Societies in 1939.**

(Registered Societies only.)

Membership .....	2,103
Capital.....	\$16,301
Amount Loaned.....	\$28,020

Note: Many of the unregistered Credit Societies have done a considerable loan business. Exact figures are not obtainable, but their membership is estimated at 1,000, their capital at \$10,000, and their 1939 lending at \$16,000.

### **General Purpose Societies in 1939.**

(Registered Societies only.)

Membership .....	1,500
Capital.....	\$6,281
Turnover .....	\$172,237

Notes:

(1) Many of the unregistered societies have done considerable business.

(2) Other types of societies have also done much business, e.g., the lobster marketing societies in 1939 had 1,350 members, exported three quarters of a million pounds of live lobsters, to a value of \$90,000 at an average value of 12 cents per pound. In 1940 there were 1,800 fishermen. This year 1,020,411 pounds of lobsters were shipped.

(3) Three or four large societies, now under the I. & P. Act, will be registered under the Co-operative Societies Act shortly. Their turnover runs into several hundred thousand dollars a year.

A pamphlet called "A Simple System of Bookkeeping for Co-operatives" has been prepared by the auditor and is now in the hands of the printers. It is meant for General Purpose Societies, and it is very badly needed. (Credit Societies already have a simple and uniform system). This pamphlet will be the first publication of the Registry. Others should follow—one is needed e.g., to serve as legal handbook for societies; another as a guide to Di-

rectors and officers in co-operative finance, pricing, management, etc. These will presumably be issued as soon as the Registry can get around to writing them.

Circulars have been sent from the Registry to societies from time to time, concerning such things as registration under the Act, Annual Returns, and Income Taxation.

With regard to income tax, attention is drawn to the position in Newfoundland as compared with other countries, which suggests that taxation levied on societies is desirable. Special legislation might be promoted, laying down clearly the levies to be made.

The Assistant Registrar has made several trips into the Field, visiting societies. As a result of the meetings held, many Boards now have a clearer idea of their legal rights and duties and two Credit Societies have been reorganized. The auditor has been in the Field almost continuously, and has audited and helped with the books of many societies.

Newfoundland is the second largest exporter of live lobsters to the United States. Statistics for 1939 give the ratio between Newfoundland shipments and the Canadian Provinces as follows:—

	Boston	Gloucester	Total
Nova Scotia*.....	5,506,200 lbs.	1,051,060 lbs.	6,557,260 lbs.
Newfoundland.....	860,700 "	583,650 "	1,444,350 "
New Brunswick .....	683,840 "	72,650 "	756,490 "
Prince Edward Island.....	160,350 "	.....	160,350 "
Magdalen Islands.....	227,900 "	.....	227,900 "

Lobster shipments by Co-operative Societies in Newfoundland this year (1940) were:—

Co-operatives	Amount Exported		Proceeds
Port au Port Co-operative Society .....	61,787 pounds net		\$ 4,957.00
Highlands " " .....	27,796 " "		2,571.00
Wood's Island " " .....	71,460 " "		5,695.00
Lourdes " " .....	17,072 " "		1,263.90
Bonne Bay " " .....	110,374 " gross		14,545.51
Cow Head " " .....	201,492 " "		26,690.88
Port Saunders " " .....	105,422 " "		14,917.22
St. John's Bay " " .....	308,293 " "		46,426.10
Placentia Bay " " .....	116,715 " "		12,850.10
	<hr/> 1,020,411		<hr/> \$129,916.71

These societies have a membership of approximately 1,700 fishermen. Test shipments of salmon and halibut were also made this year.

\*Note: Some of Newfoundland's lobsters are registered under Nova Scotia.

## ADULT EDUCATION

The lack of compulsory education in the country has been a considerable deterrent to the rapid growth of an Adult Education Movement. However, it has been proven that one learns best when one's interests are keenest, and most people are keenly interested in securing a better livelihood. The *modus operandi*, the small discussion group, is unquestionably a simple and effective means of persuading people to study their economic and social problems.

These study groups are informal and carry with them none of the august atmosphere usually associated with school classes. The whole programme of study groups is simple: discussion of real problems in which each member can participate; the study of some simple material dealing with a concrete situation. Even the illiterate finds his place in the group, because reading as well as discussion is part of each meeting. Groups are usually confined to ten members. Larger groups are unwieldy and do not encourage and seldom accomplish the participation of each member in the discussion. Problems are studied as they affect the whole community. This functional activity on the part of the people, engenders responsibility, and leads to an "awakening" and "quickenings" in the community, which after all, is the basis for all progress. Its wide use to-day in nearly all free countries proves that this method of education is not only in harmony with but becoming essential to the successful working of democratic Government.

The most important part of the Division's work was in the field of Adult Education. This cannot be gauged or evaluated in terms of statistics, but its effect in checking "social erosion" is none the less apparent. The work of education was carried on through 1,200 study groups and these groups were visited periodically by Field Workers. Besides these groups there were many others in existence outside the territory of the Field Staff. In conjunction with this activity a Co-operative Information Bureau was established and questions on all types of community problems from a Co-operative standpoint were answered.



Thirty-six pamphlets dealing with different phases of the work were written by the Staff and published for the Study Clubs. 292 other articles were written and mimeographed for distribution throughout the country. To supplement these a text-book or hand-book was prepared and is now being used by the groups. A Co-operative News Bulletin was published and this was circulated to 3,500 people each month. Except for brief summer vacation periods radio programmes were sponsored over the Newfoundland Broadcasting Corporation. These programmes were held once a week for one year and twice weekly for two years.

### **Training in Leadership.**

Producers from nearly every part of the Island were gathered together for three Co-operative Summer Schools. Two hundred and forty students attended. Special classes were given in conjunction with the Jubilee Guilds and the Adult Educational Association for outport women in handicrafts. Forty-six community leaders were sent to St. Francis Xavier University at Antigonish, Nova Scotia, to attend Short Courses in Co-operation. These included magistrates, fishery inspectors, land settlement managers, field workers, as well as fishermen and farmers. Each summer, at the request of the Superintendent of United Church Missions, courses were given at United Church Summer Schools in various parts of the Island. Co-operative Field Workers were made available for this work.

Together with the above mentioned, intensive educational activities were carried on in 217 communities. Many public meetings were held in these places and there is now operating in each of these communities some type of co-operative activity. The population of these 217 communities is 98,235 people, or roughly one third of the population of the country.

St. John's, Newfoundland.  
September 1940.





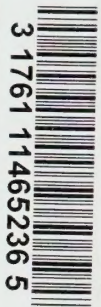












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